

Annual Report
FOREIGN POWER SECURITIES
CORPORATION
LIMITED



For the year ending
OCTOBER THE THIRTY-FIRST
1931

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FOREIGN POWER SECURITIES CORPORATION
LIMITED

Annual Report

For the year ending October the Thirty-first, 1931

OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

A. J. NESBITT.....Montreal
L. C. HASKELL.....Montreal
E. R. PARKINS, K.C.....Montreal
P. A. THOMSON.....Montreal
GUY M. TODD.....Montreal
JAS. B. WOODYATT.....Montreal

Secretary

L. C. HASKELL

Treasurer

CHAS. JOHNSTONE

Assistant Secretary

V. J. NIXON

Assistant Treasurer

T. IRVING

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

PRICE, WATERHOUSE & COMPANY

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

February 9th, 1932.

To the Shareholders:

During the past fiscal year the widespread economic crisis became more pronounced throughout the French Republic. Prevailing conditions resulted in manufacturers rationalizing their work, and power companies followed this example by grouping a certain number of sectors, thus permitting a more economical distribution of power. While the increase in power consumption was greatly curtailed, the hydro-electric industry effected considerable savings, partly due to abundant rains which obviated the necessity of using steam.

The extensive hydro-electric construction projects being carried out in France are indicative of the confidence reposed in the industry. During 1930 ten billion francs were invested in hydro-electric work, and some 45 plants, which will yield approximately 478,000 KWs., are under construction. France is steadily progressing in the attainment of its objective, viz., complete urban and rural electrification. Authoritative opinions contend that the only alternative to the deficits actually occurring in the great railway traffic organizations is electrification of these systems.

Some 7,000 communities, representing over 3,000,000 population, have yet to receive the benefits of electric power, and the further potential possibilities of the industry are vividly illustrated in the comparative per capita annual power production as between four different countries in 1930. In France the average was about 360 k.w.h., in the United States, 1,000 k.w.h., in Switzerland, 1,200 k.w.h., and in Canada, 1,700 k.w.h. During the same period France imported in the form of coal for steam plants, or in the shape of hydro-electric power, more than one and one-half billion k.w.h.

The production and sale of gas and electricity by companies in which your Corporation has financial interests have increased steadily throughout the year as compared with the previous year. Forceful commercial methods are also being employed to educate the public to the many advantages which accrue from the use of electricity. Special rates for domestic use in cooking, heating and street lighting have been made available in this regard.

The group of companies controlled by L'Energie Industrielle produced over 600 million k.w.h. and over 84 million cubic feet of gas, serving 742,000 customers in 3,635 communities.

Société L'Energie Electrique Rhône et Jura completed Cize Bolozon plant, near Lyon, and has arranged for the distribution of its whole production. They also have under construction plants at Valserine and Ebron Fall, near Bellegarde, with ultimate capacities of 80,000 KWs. and 25,000 KWs., respectively.

The Société Générale de Force et Lumière and its subsidiaries are producing 140,000 KWs. from 15 hydraulic plants and one steam plant in the region of Lyon.

The Société Hydro-Electrique du Verdon has near completion the plants at the Falls of Chaudanne and Castellanne and the output of 70,000 KWs. has been contracted for by the Energie Electrique du Littoral Méditerranéen.

Security prices on the Paris Bourse declined during the past year in sympathy with price declines on all other Exchanges; consequently the prices of the shares in which your Company is interested declined also, notwithstanding the fact that these companies showed increased earnings.

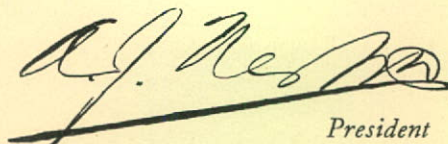
The market value of the securities held by your Company as at October 31st, 1931, was \$8,707,931 against a Book Value of \$11,436,346.

During the year your Directors cancelled \$500,000 of the Company's 6% Debentures, thus reducing the issue outstanding to \$4,500,000.

Your Directors deemed it advisable to call a Special Shareholders Meeting for the purpose of dividing the Capital Account into: Capital \$1,500,000 and Surplus \$1,160,000.

France is fully determined to go through with its program of modernization by consistently advocating the beneficent results of electricity from an industrial as well as from a domestic standpoint. The future holds great hopes in that a large part of the whole country is virtually a virgin field with all the basic elements for rapid, natural growth and your Directors share a justifiable feeling of optimism regarding the future as it pertains to your immediate interests.

Respectfully submitted on behalf of the Board,



President

FOREIGN POWER SECURITIES

Balance Sheet as at

ASSETS		
	1931	1930
Investments at Cost*	\$11,436,346.67	\$11,598,342.12
Cash and Call Loans	599,905.72	1,280,367.99
Accrued Interest and Dividends Declared	98,304.05	78,753.31
Bills Receivable		166,271.90
Prepaid Accounts, etc.	3,134.00	2,809.40
Discount on Bonds	203,902.35	292,500.00

*Based on quoted market prices and including \$2,752,636.00 cost value of unquoted foreign securities, investments at October 31, 1931, in Canadian Currency at exchange rates of that date, had a value of \$8,707,931.92.

\$12,341,592.79

\$13,419,044.72

Approved on behalf of the Board: A. J. NESBITT }
JAS. B. WOODYATT } Directors.

Auditors' Report

We have made an examination of the books and accounts of Foreign Power Securities Corporation, Limited, for the year ended 31st, 1931, and have received all the information and explanations warranted or by certificates from the depositaries, and we certify that the above financial position of Foreign Power Securities Corporation, Limited, is a true and correct statement of the financial position of the Corporation, as shown by the books of the Corporation.

MONTREAL, December 22nd, 1931.

ES CORPORATION, LIMITED

t October 31st, 1931

LIABILITIES

TO THE PUBLIC:

First Collateral Trust 6% Convertible Bonds, Series
"A", 1949, authorized \$50,000,000.00*
Bond Interest Accrued*
Preferred Dividend payable November 15th, 1931
Accounts Payable and Accrued Liabilities
Reserve for Income Tax

1931	1930
\$4,500,000.00	\$5,000,000.00
112,500.00	125,000.00
75,000.00	75,000.00
3,213.53	1,400.06
42,303.80	50,000.00
<u>\$4,733,017.33</u>	<u>\$5,251,400.06</u>

TO THE SHAREHOLDERS:

6% Cumulative Participating Preferred Stock:**
Authorized—50,000 shares of \$100.00 each
Issued —50,000 shares of \$100.00 each
Common Stock (of No Par Value):
Authorized 250,000 shares

5,000,000.00 5,000,000.00

Held for Conversion
of Bonds 90,000 shares
Unissued 35,000 shares
125,000 shares

Outstanding 125,000 shares \$2,660,000.00
of which there has been attri-
buted to Surplus 1,160,000.00

Surplus Balance 1,500,000.00
1,108,575.46

2,608,575.46 3,167,644.66
\$12,341,592.79 \$13,419,044.72

*Payable in Canada, London or New York at holder's option.

** (Redeemable in whole or in part at \$105 per share on any dividend date after 30 days' notice.)

to the Shareholders:

Power Securities Corporation, Limited, for the year ending October
which we have required. We have verified the securities by inspection
the Balance Sheet at October 31st, 1931, in our opinion, shows the true
at that date, according to the best of our information and the explana-

(Signed) PRICE, WATERHOUSE & Co.,
Auditors.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Statement of Earnings

	18 Months Ending Oct. 31st, 1928	12 Months Ending Oct. 31st, 1929	12 Months Ending Oct. 31st, 1930	12 Months Ending Oct. 31st, 1931
Revenue.....	\$341,039.70	\$520,092.80	\$556,788.42	\$509,615.18
Profits from Investments realized....	122,820.77	416,887.24	241,299.89	123,291.20
Gross Earnings.....	\$463,860.47	\$936,980.04	\$798,088.31	\$632,906.38
Expenses.....	15,745.76	42,532.60	58,530.62	42,573.59
Taxes (including portion of Income Tax 1928-29-30).....	4,723.70	2,832.64	4,098.05	304.19
	\$20,469.46	\$45,365.24	\$62,628.67	\$42,877.78
Net Earnings.....	443,391.01	891,614.80	735,459.64	590,028.60
Interest.....	9,073.48	134,950.02	300,000.00	293,913.63
Surplus for Year.....	434,317.53	756,664.78	435,459.64	296,114.97
Surplus Brought Forward.....		147,537.89	563,435.02	507,644.66
Transferred from Common Stock....				1,160,000.00
	\$434,317.53	\$904,202.67	\$998,894.66	\$1,963,759.63
Dividends on Preferred Stock.....	286,779.64	300,000.00	300,000.00	300,000.00
Dividend on Common Stock.....			125,000.00	
Discount on Bonds.....		16,250.00	16,250.00	
Organization Expenses.....		24,517.65		
Loss on Investments.....				529,184.17
Provision on account of Income Tax.....			50,000.00	26,000.00
Surplus Carried Forward.....	\$147,537.89	\$563,435.02	\$507,644.66	\$1,108,575.46

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Revenue Account

For the year ending October 31st, 1931

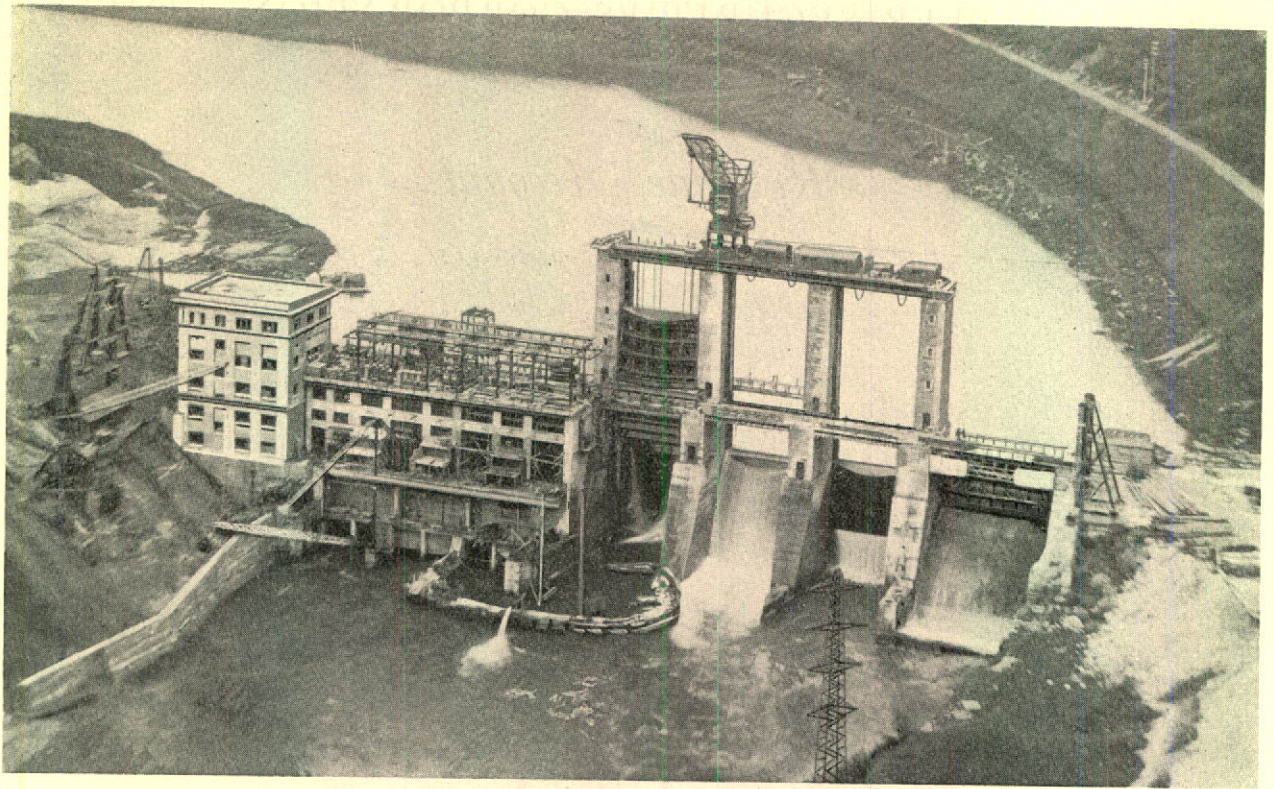
Dividends and Interest on Investments.....		\$509,615.18
Profit from Investments sold.....		123,291.20
Interest on Bonds.....	\$293,913.63	
Expenses.....	42,877.78	
Balance.....	296,114.97	
	<u>\$632,906.38</u>	<u>\$632,906.38</u>

Surplus Account

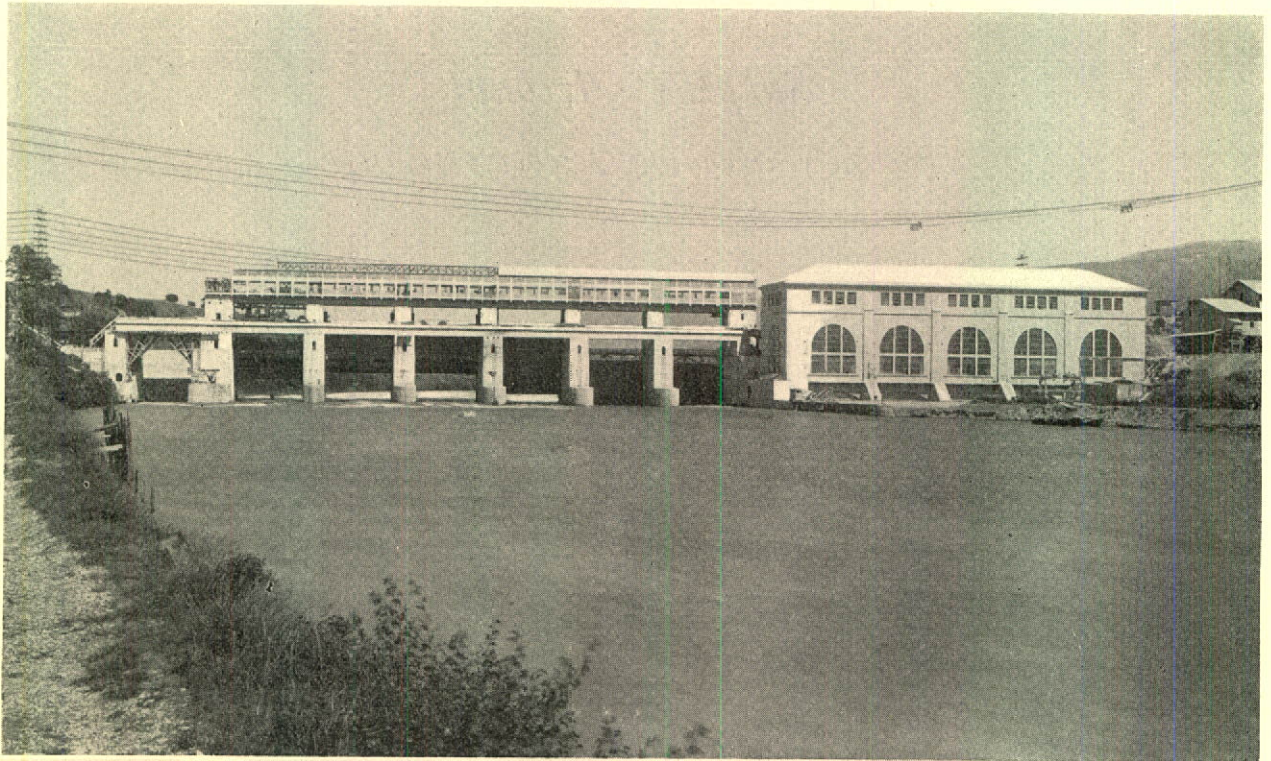
For the year ending October 31st, 1931

Balance at Credit October 31st, 1930.....		\$507,644.66
Earnings for the year ending October 31st, 1931.....		296,114.97
Transferred from Common Stock.....		1,160,000.00
Provision on account of Dominion Income Tax.....	\$ 26,000.00	
Dividend on Preferred Stock.....	300,000.00	
Loss on Investments.....	529,184.17	
Balance at Credit October 31st, 1931.....	1,108,575.46	
	<u>\$1,963,759.63</u>	<u>\$1,963,759.63</u>

TWO NEW PLANTS NEAR LYON, COMPLETED THIS YEAR



CIZE BOLOZON PLANT, ENERGIE ELECTRIQUE RHÔNE ET JURA



PIZANÇON PLANT OF SOCIÉTÉ GÉNÉRALE DE FORCE ET LUMIÈRE

